

The Role of Psychological Capital in Fostering Creativity among Women Entrepreneurs

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Abstract

Entrepreneurship is an important topic for a long time and considered as one of the emerging areas in recent times, especially women entrepreneurship. Entrepreneurship gives a new perspective to women's life that leads to women empowerment. Creative entrepreneurs are found to be more productive and creativity provides a basis for innovation and business growth. Creativity is viewed as a significant factor that influence women entrepreneurs achieve success in the dynamic and competitive environment. Over the last decade, research has given the main attention to the positive psychological capacities and women entrepreneurs with strong psychological capacities are considered to be the most valuable resource which creates a competitive advantage for firms. In addition, entrepreneurs with higher psychological capacities tends to be more creative in planning, designing and executing the business operations effectively. Therefore, the current study aimed at analysing the role of psychological capital in fostering creativity among women entrepreneurs. A survey methodology was conducted with 120 women entrepreneurs. The questionnaire contains demographic profile of the respondents and questions related to PsyCap and Creativity using the 24-item Psychological Capital Scale, and the 7-item Zhou and George and Choi et al. Entrepreneurial Creativity Scale. Data analysis was done using Structural Equation Modeling (SEM) and found that the correlation between psychological capital and creativity of women entrepreneurs is positive and significant. Also, it is identified that higher level of psychological capital enhances the level of creativity and innovation and job performance. The present study contributes to better understanding towards the significance of positive psychological capital and its contribution to Entrepreneurial creativity.

Keywords: Psychological Capital, Hope, Efficacy, Resilience, Optimism, Creativity, Women Entrepreneurs.

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Introduction

Entrepreneurship has gain attention over the past few decades as it impacts positively for economic growth (Quadrini, 2000) and employment opportunities (Malchow-Møller et al., 2011). In India, entrepreneurship has traditionally been viewed as a domain mainly reserved for men. However, with the dynamic changes in the environment and an increase in educational opportunities, women have started recognizing their innate talents and business skills. The rapidly evolving knowledge economy has provided greater opportunities for women to get access to higher education fostering them to step into the role of entrepreneurship to a great extent. However, in the existing familial and societal setup, entrepreneurial women are overburdened and find it increasingly difficult to achieve the competitive edge in this dynamic business environment. Research evidence shows that creative entrepreneurs have the ability to face the challenges better than their competitors and capable of adapting to the environmental changes positively. (Baer, 2012; Bammens, 2016). Creativity is viewed as the ability to generate new ideas and find practical solutions

to challenges and problems (Amabile, 1983). Creativity empowers entrepreneurs to utilize and capitalize the opportunities in ways that can lead in competitive advantage for the organisation. Creativity lays the foundation for innovation and expansion of business that has a greater impact on the society (Bilton 2007). On the other hand, concept of Psychological Capital (Psycap) is gaining more importance in the current scenario of fast- changing work environment. Rooted in positive psychology, Psycap encompasses positive psychological resources including self-efficacy, hope, optimism, and resilience. PsyCap is found to be empirically related to both individual and organizational outcomes and improved performance in the workplace (Luthans et al. 2005, 2007), innovation and competitiveness. The impact of Psychological Capital on distinctive positive outcomes has been evident from the literature. The efforts of women entrepreneurs to integrate, organize and balance various issues, challenges and activities in their multiple roles at the same time makes them experience tremendous pressure and focusing on developing psychological capital plays a crucial role to cope with the stress, burnout and

anxiety that helps them to think creatively and gain sustainable development and competitive edge (Asif et al. 2019). Higher levels of positive psychcap would boost creative thinking among employees that tends to generate innovations for the better achievement of the organizational performance (Kim & Park, 2017). Enhancing psychological capacities of employees will make them work with more efforts and engagement towards the achievement of higher performance and outcome that subsequently result in creative and innovative outcomes in business (Rhoades et al. 2002). Many researches have been conducted with Psychological Capital and Employee Creativity in various fields of study and the results shows that higher the level of psychological capital, higher the creative thinking among employees which in turn results in innovation and improved performance. The positive psychological resources or capacities that individuals possess could help them effectively deal with challenges and engage better with creativity in various aspects of work and life that contributes to their well-being and performance.

Theoretical Framework and Hypotheses Development

In the age of emerging technologies like AI, IoT, and robotics, creativity has become a vital part of entrepreneurial competency. Studies highlight its strong influence on performance and satisfaction, particularly for women entrepreneurs navigating an increasingly competitive environment. In the 21st century, creativity defined by novelty, quality, and differentiation—is essential for innovation, productivity, and business growth (Sternberg, 2017; Belevskikh et al., 2019). For women entrepreneurs, creativity not only drives innovation but also supports the development of new products, services, and business strategies that add value to the market (Mumin et al., 2013). It plays a key role in identifying opportunities, solving problems, and fostering a positive organizational culture (Shalley et al., 2004). Entrepreneurial creativity is a defining trait that helps women gain a competitive edge, adapt to change, and contribute to sustainable economic development (Ko & Butler, 2007). The psychological capitals are in general, contribute significantly towards the achievement of organizational outcome gaining competitive advantage of a firm. The

Psychological Capital (PsyCap) tends to influence the employees with positive attitude and behaviour that has a direct effect on organizational performance and outcome (Newman et al., 2014). Psychological Capital or simply PsyCap is defined as An individual's positive psychological state of development that is characterized by: (1) having confidence (**self-efficacy**) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (**optimism**) about succeeding now and in the future; (3) persevering toward goals, and when necessary, redirecting paths to goals (**hope**) to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (**resilience**) to attain success. (Luthans, Youssef, & Avolio, 2007). For women entrepreneurs, these traits are especially important in navigating challenges, taking calculated risks, and driving business growth. Research shows that PsyCap enhances emotional intelligence, promotes positive behavior, and strengthens key entrepreneurial qualities such as creativity, innovation, leadership, and risk-taking (Langkamp Bolton & Lane, 2012). Studies also confirm that PsyCap significantly boosts employee creativity, with the combined effect of its four components being more impactful than each individually (Cai et al., 2018; Rego et al., 2014). Further, the study is grounded in the Conservation of Resources (COR) Theory (Hobfoll, 1989), which suggests that individual's effort to acquire, retain, and protect resources to overcome stressful situations, especially in relevance to women entrepreneurship, where external stressors like societal expectations and resource scarcity are prevalent. According to COR theory, individuals possessing psychological resources, a synergy of hope, efficacy, resilience, and optimism (HERO) are found to be highly engaged, accumulate required resources, thereby experience minimal resource scarcity and creates a cumulative effect that prevents burnout and fosters creativity. In addition, Broaden-and-Build Theory by Fredrickson's (2001) states that positive psychological capacities broaden an individual's momentary thought-action repertoire. PsyCap allows women entrepreneurs to move beyond restricted decision-making environments, stress and enhance their ability to access a wider range

of creative ideas and innovative strategies (Fredrickson, 2001). While, numerous research has been conducted and found that PsyCap enhances general creativity and reduces burnout in stressful business environments (Bado et al., 2025), there exists a research gap regarding how these psychological capacities empower women entrepreneurs to overcome systemic gender-specific hindrances. Recent studies indicate that women face multifaceted obstacles, including male-dominated society and inequitable access to finance, which necessitate a reliance on intangible resources like personal resilience and digital flexibility (Martins et al., 2024; Rathi et al., 2025). By articulating this gap, the current research illustrates how PsyCap serves as the psychological catalyst that transforms these intangible assets into entrepreneurial creativity, enabling women-led firms to generate value and attain sustainability despite institutional voids (Srivastava & Pandita, 2025) that fosters creativity required to maintain a competitive edge and achieve sustainable growth in a dynamic business environment. Therefore, this study aims to examine how PsyCap particularly optimism, hope, self-efficacy, and resilience influence entrepreneurial creativity among women entrepreneurs, based on existing literature and evidence. On the basis of the identified literatures and evidences the hypothesis is framed as follows.

H₁: Efficacy has a significant effect on entrepreneurial creativity.

H₂: Optimism has a significant effect on entrepreneurial creativity.

H₃: Hope has a significant effect on entrepreneurial creativity.

H₄: Resilience has a significant effect on entrepreneurial creativity

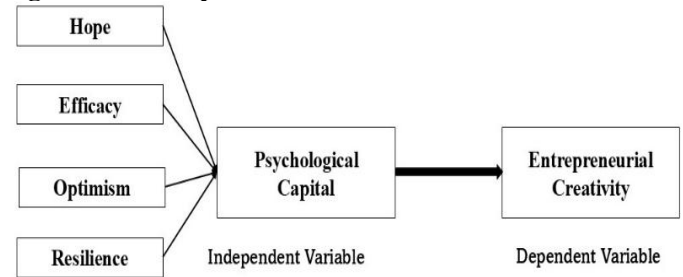
H₅: Psychological capital has a significant effect on entrepreneurial creativity.

Based on the theoretical evidences and hypothesis formulated for the study, the conceptual framework is presented as follows.

Research Objectives

1. To assess the psychological capital and entrepreneurial creativity of women entrepreneurs
2. To investigate the influence of psychological capital on entrepreneurial creativity among women entrepreneurs

Figure 1. Conceptual Framework



Methodology

The study is descriptive and adopts a survey methodology. The study is conducted among women entrepreneurs using Convenient Sampling method that allows the researcher to engage with participants who are readily available and willing to participate, that is essential for investigating the women entrepreneurs who are overburdened, stressed and face significant time constraints due to their multiple roles in familial and societal setups. Data was collected both online and offline from women entrepreneurs, both married and unmarried. The final sample included 120 women entrepreneurs from Tamil Nadu, India. The questionnaire contains details about the demographic profile of the respondents and questions related to PsyCap and Entrepreneurial creativity. Participants from accessible entrepreneurial networks were chosen ensuring that the data is gathered from those directly experiencing the stressors being studied. Also, this sampling method is acceptable for the use of Structural Equation Modeling (SEM) to identify and confirm positive correlations between psychological capital and entrepreneurial creativity. Scales on Psychological Capital and Entrepreneurial Creativity derived from established scales that were previously published and validated were used for the study.

Measures

The scales used for the study are as under: Psychological Capital (PCQ-24) is a 24-item scale of four constructs: hope, efficacy, resilience, and optimism (HERO), measured using a 6-point Likert scale (1 = strongly disagree to 6 = strongly agree) and possess high internal consistency, with total Cronbach's alpha values ranging from 0.88 to 0.94, and robust construct validity supported by a higher-order factor structure.

Entrepreneurial creativity was measured using the scale developed by Ahlin et al. (2014). It is

an 8-item scale with a 5-point Likert scale (1 = strongly disagree to 6 = strongly agree) with Cronbach’s alpha value of 0.91, and possesses high predictive validity in identifying an individual's capacity to develop creative business opportunities.

Data Analysis and Results

Table 1: Reliability Analysis Results

Variable	No. of statements	Cronbach Alpha Value
Hope	6	0.802
Efficacy	6	0.737
Resilience	6	0.798

Optimism	6	0.803
Psychological Capital	24	0.863
Entrepreneurial Creativity	8	0.915

Source: Primary data

Reliability was analysed using Cronbach’s alpha coefficients. The reliability of the overall PsyCap construct was $\alpha = 0.863$ (hope $\alpha = .802$, efficacy $\alpha = .737$, resilience $\alpha = .798$, optimism $\alpha = .803$). Entrepreneurial Creativity also demonstrated strong reliability, with a Cronbach's alpha of $\alpha = .915$, confirming internal consistency for all constructs measured.

Descriptive Analysis

Table 2: Demographic profile of the respondents (N = 120)

S.No	Characteristics	Categories	No. of Respondents	Percentage %
1	Age	Below 30 years	26	22
		30- 40 years	36	30
		41-50 years	12	18
		Above 50 years	22	30
2	Educational Qualification	HSC/Diploma	10	8
		Under Graduate	14	12
		Post Graduate	70	58
		Professional	26	22
3	Marital Status	Married	65	54
		Unmarried	38	32
		Divorcee	17	14
4	Income	Below 10,000	32	26
		10,000-20,000	48	40
		20,000-40,000	26	22
		Above 40,000	14	12
5	Location of residence	Same as Business	62	52
		Near from Business	37	28
		Far from Business	24	20

Source: Primary Data

Table 2 outlines the demographic profile of respondents, including age, education, marital status, income, and residence. About 30% of respondents were aged 30–40 and above 50. A majority (58%) were postgraduates, 22% were professionals, and only 8% had lower education (diploma or secondary level). Marital status

data showed 54% were married, 32% unmarried, and 14% divorced. In terms of income, 40% earned Rs.10,000–20,000, while 26% earned less than Rs.10,000. Notably, 52% of entrepreneurs operated their businesses from home, likely to minimize costs and manage both business and family responsibilities.

Correlation Analysis

Table 2: Pearson Correlation result between PsyCap and Entrepreneurial Creativity

Study Variables	Mean	Standard Deviation	PsyCap	Self-efficacy	Hope	Resilience	Optimism	Entrepreneurial Creativity

PsyCap	89.76 2	26.131	1					
Self-efficacy	23.43 5	8.108	0.970*	1				
Hope	24.00 0	7.142	0.977*	0.930*	1			
Resilience	23.21 2	6.163	0.967*	0.884*	0.928*	1		
Optimism	23.29 8	6.789	0.956*	0.832*	0.925*	0.973**	1	
Entrepreneurial Creativity	55.01 2	10.854	0.786*	0.799*	0.746*	0.684**	0.673**	1

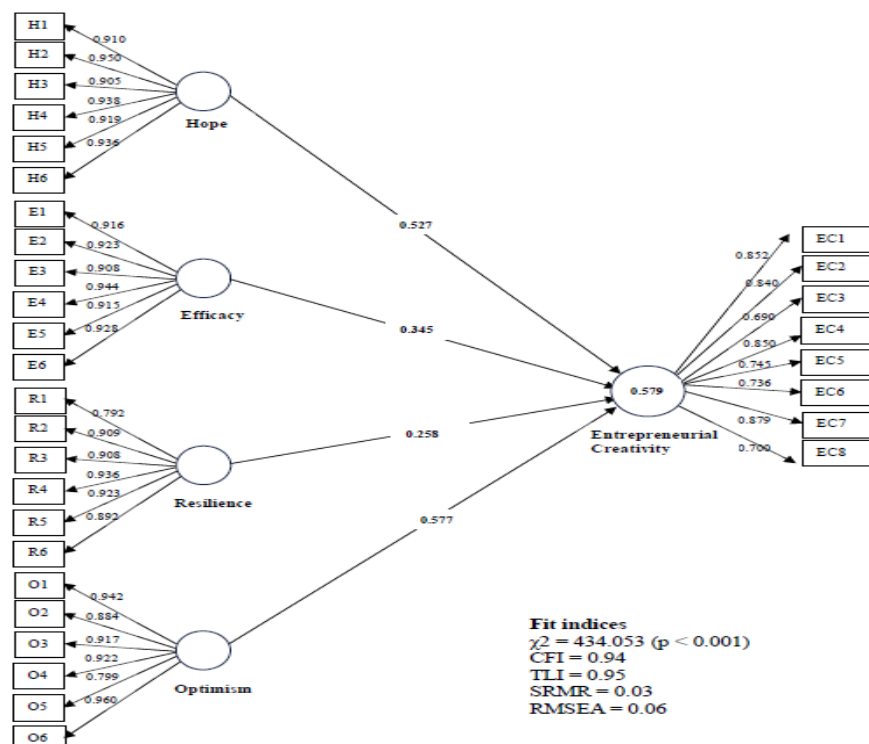
**Correlation is significant at 0.01 level

The correlation analysis (Table 2) shows a significant positive relationship between Psychological Capital (PsyCap) and Entrepreneurial Creativity among women entrepreneurs ($r = 0.786, p < 0.01$), supporting Hypothesis H5. High mean scores across scales further confirm this trend. Among PsyCap components, Self-Efficacy had the strongest

correlation with Entrepreneurial Creativity ($r = 0.799$), followed by Optimism ($r = 0.746$), Hope ($r = 0.684$), and Resilience ($r = 0.673$), all significant at the 0.01 level, thus supporting Hypotheses H1–H4. These results suggest that higher PsyCap is associated with greater Entrepreneurial Creativity.

Structural Model – Path Coefficients

Figure 2: PLS -SEM Model – Path Coefficients



The path coefficients using PLS-SEM analysis (Figure 2) show that the model is statistically significant. The findings indicate that hope ($\beta = 0.527$), efficacy ($\beta = 0.345$), resilience ($\beta = 0.258$) and optimism ($\beta = 0.577$) have significantly positive impact on entrepreneurial

creativity. These results support the conceptual model and optimism emerges as a strongly significant factor impacting entrepreneurial creativity. Therefore, it is evident that PsyCap can significantly and positively predict entrepreneurial creativity among women

entrepreneurs. In conclusion, entrepreneurs with higher level of PsyCap tend to have better creative thinking and innovation that contributes to entrepreneurial growth and development.

Practical Implications

Creativity, innovation, and entrepreneurship are key drivers of economic and social development. In today's competitive and tech-driven environment, there is a growing need for entrepreneurship education, especially for women entrepreneurs. Research shows that such education positively influences entrepreneurial creativity, ability, and behavior. Enhancing the psychological capital (PsyCap) of women entrepreneurs through education and training in areas like design thinking, innovation, and creative problem-solving can boost creativity and performance. Higher levels of PsyCap, including self-efficacy, hope, optimism, and resilience, lead to greater motivation, stress management, and innovation (Al-Ghazali et al., 2022). This aligns with the Broaden-and-Build Theory, where positive psychological states particularly hope and optimism helps in widening woman entrepreneur's cognitive flexibility, allowing her to identify market opportunities that a stress-narrowed perspective might overlook.

Government support is essential in promoting sustainable growth, with periodic programs on work-life balance, risk management, and wellness. PsyCap interventions (PCI), such as mentoring, coaching, and skills workshops, can further develop personal resources (Luthans et al., 2006). Policy initiatives should also focus on integrating creativity and innovation into women entrepreneurship to foster a thriving and inclusive business environment. Policy initiatives must change its focus from general financial support to holistic development frameworks. Governments should prioritize funding for periodic programs that integrate work-life balance and wellness with technical innovation training. There is a critical need to embed creativity and innovation into the core curriculum of entrepreneurship education for women, ensuring that internal psychological resources are developed alongside external business strategies to foster a truly inclusive business ecosystem.

Conclusion

Entrepreneurial creativity is a key driver of success and has gained growing attention in

both academia and practice. However, research has largely focused on its outcomes, with limited exploration of its underlying factors especially among women entrepreneurs. Understanding these influences is crucial, as creativity helps start-ups, including those led by women, to identify resources, boost performance, and ensure sustainable growth (Mumin et al., 2013). When paired with innovation, it enhances productivity and product quality. Women entrepreneurs, in particular, must adopt strategies that effectively utilize resources especially psychological capital (PsyCap) to foster creativity, innovation, and competitiveness.

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